

STATE POLICY

Collections held in suspense are receipts that have been recorded into the MiCSES system but have not been disbursed to their final destination. This policy addresses the processes that place receipts on hold and the management of the held monies by the automated system and responsible workers. This policy addresses how collections held at various levels for various reasons should be considered when determining whether the minimum threshold for initiating an enforcement action has been reached. This policy is designed to ensure child support collections are disbursed to the correct final recipient as quickly as possible. If a collection cannot be disbursed, it will be refunded wherever possible.

**RECEIPTS PLACED
IN SUSPENSE**

Receipts may be placed in suspense by pre-defined automated processes, because the automated system could not process them because anticipated data was lacking or ambiguous, or because a worker has placed holds on receipts at an individual or case level.

Collections may be placed into suspense at three levels:

- **Payer level suspense** means all receipts from a particular payer are placed on hold before they are allocated to any case.
- **Case level suspense** holds receipts after they have been allocated to a case, but before they are distributed to specific debts within the order.
- **Disbursement level suspense** holds money after it has been allocated and distributed, but before it is disbursed.

Whenever a collection is placed on hold, the appropriate worker will be notified. In many cases the notification will be an alert to research the case and collection; and, to take the appropriate action to release the hold.

**Action to be taken
on money held in
suspense**

Depending on the reason the collection was held in suspense and the results of the research, the appropriate action for FOC staff may be to:

- Update missing or conflicting data in the system to allow distribution and disbursement processes to process the collection;
- Re-identify the collection with the correct payer and receipt type;
- Manually release the collection for distribution;
- Change the hold type (or release one hold and create another); or,
- Refund the collection to the payer or remitter.

Some categories of money held in suspense will be automatically be released for distribution after a defined length of time if no other action is taken to release or change the hold.

SUSPENSE CATEGORIES

The broad categories of suspense are described below. The descriptions include the reasons money is held in suspense, the notifications that will result, the duration of the hold, and the release mechanisms.

Programmatic Collections

Programmatic collections are placed on hold due to program requirements.

Foster Care

Collections allocated to foster care cases are placed on hold until foster care payment information is received shortly after the end of the month.

When the foster care payment file is received, the monthly foster care distribution process will release the hold and distribute and disburse the collections.

Foster care holds cannot be manually released for disbursement.

Notifications will be sent to the appropriate worker for collections remaining in suspense after the monthly foster care distribution process has run.

Joint Federal Tax Intercept (non-TANF)

Tax refund intercepts of joint returns allocated to non-TANF cases are placed on hold for six months to allow time for an injured spouse claim to be processed.

When the hold expires, the collection will be released for distribution.

Unidentified Collections

Unidentified collections are collections not associated with an individual or case by receipting processes. Unidentified collections are placed on hold and the appropriate worker is notified to research the collection and to manually associate it with the proper individual and case(s).

If the payer or remitter is known, the system will refund the collection after a defined period of time.

Payer's ID not found

Collections for which the payer cannot be identified are placed on hold and the appropriate worker is notified to research the collection.

If the remitter is identified, the collection will be refunded after one month if the identity has not been resolved or the hold has not been otherwise released.

If the remitter is not identified (e.g., payment was by money order), the hold will be changed to “unidentifiable receipt” which will remain until escheated.

Notifications will be sent to the appropriate worker when a collection is placed in suspense and after it has been in suspense for three weeks.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the “Suspense Management Detail Report.”*

Case ID not found

If a receipt is associated with an individual who is not associated with a case or if a designated payment is made for a case that is not identified with a case, the receipt is placed in suspense for this reason.

The collection will be refunded after one month if the proper association has not been made.

Notifications will be sent to the appropriate worker when a collection is placed in suspense and after it has been in suspense for three weeks.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the “Suspense Management Detail Report.”*

Unidentified Interstate Receipt

Payments received from other states’ IV-D agencies or SDU’s are placed on hold until they can be identified to a Michigan child support payer or case.

If they cannot be identified by the receipting agency, they will be referred to the Interstate Central Registry for additional research.

These payments will be returned to the remitting state after they have been on hold for two weeks. They cannot be refunded to the payer.

Unidentifiable Receipts

Collections that cannot be identified as belonging to a specific child support payer or case and for which the remitter cannot be identified remain on hold until the escheatment processes release the hold and transfer the money to the Department of Treasury.

Process Collections

Process Collections are placed on hold when information necessary for distribution or disbursement was not found in the system.

Enforcement Action Collection Type Mismatch

Note: The first version of MiCSES will not place these collections on hold. Collections are placed on hold if the method of collection does not match enforcement actions for the case or against the payer.

Example: The collection indicates the payment is from a levy, and there is no lien or levy associated with the case or payer.

Notifications will be sent to the appropriate worker when a collection is placed in suspense and after it has been in suspense for three weeks.

Note: Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."

The collection is refunded to the payer after one month if it is not otherwise resolved.

Special Instruction Payment

If a payment is designated as a special instruction payment under MCR 3.208(c) and there is no record of a special instruction associated with the case, the collection is placed on hold.

Notifications will be sent to the appropriate worker when a collection is placed in suspense and after it has been in suspense for three weeks.

The collection will be released for normal distribution after one month if it is not otherwise resolved.

No Court Order

Collections that cannot be associated with a court order are placed on hold. The appropriate worker is notified to research the collection. If the method of collection is an obligor payment, the worker will be instructed to create a voluntary payment case.

Notifications will be sent to the appropriate worker when a collection is placed in suspense and after it has been in suspense for three weeks.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."*

The collection will be refunded to the payer after one month if it is not associated with a court order or voluntary payment case.

Note: Creation of a voluntary case is required only the first time a payment is received with no court order. Once the voluntary case has been created, future payments will be processed automatically.

Bad Payee Address

Collections that have been distributed, but for which disbursement cannot be completed because there is neither a currently valid residential address nor currently valid EFT routing, are placed on hold. In this context the “payee” may be the payee for the child support or the payer, in the case of a refund.

Note: If an EFT disbursement is not successful and there is a currently valid residential address for the payee, the system will automatically attempt disbursement by check.

The first occurrence of a disbursement returned for a bad address will generate an alert to the appropriate worker to initiate all appropriate location actions.

Note: Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the “Suspense Management Detail Report.”

These collections remain on hold until valid disbursement information is entered into the system or they are escheated.

They can not be refunded if they are determined not to belong to the payee or a refund is ordered by the court.

Payee Deceased

If the payee is known to be deceased, any disbursements for that payee will be placed on hold for one month or until the appropriate payee is determined. These disbursements will be reversed and refunded to the payer after one month if another payee is not established.

Notifications will be sent to the appropriate worker when a collection is placed in suspense and after it has been in suspense for three weeks.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the “Suspense Management Detail Report.”*

Excess Collection

Tax Offset Exceeds Certified Amounts or Eligible Arrearages

If tax offset receipts exceed the amount certified for or that can be collected by tax offset and there are other debts owed on the child support order, the receipt exceeding the tax offset certified amount will be placed on hold for two weeks.

The appropriate worker will be notified to request the payer consent to the remaining tax offset collection be applied to other debts.

Note: Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."

If the payer consents, the remaining tax offset receipt will be recreated as an obligor receipt and the money is released for distribution.

Money on tax offset hold cannot be manually released for distribution.

These collections must be manually refunded if the payer declines to consent to their use for other debts.

The system will refund any excess tax offset holds distribution after two weeks.

Recurring Payment - Nothing Owed

Recurring collections received on currently charging cases when all current and past due obligations have been satisfied are placed on hold. Recurring payments exceeding amounts owed are deemed to be payments on future obligations.

When new charges are created in subsequent months, the system will release these holds for distribution.

Note: Non-recurring payments will be refunded immediately if nothing is owed on the case.

The appropriate worker is notified to review the amount of income withholding or other regular payment method. The notification will be a report created monthly for the appropriate workers containing the receipts on hold for this reason for two or more consecutive months indicating the number of consecutive months this category of hold has been applied.

MANUAL - ADMINISTRATIVE

Special Instruction Payment

Special instructions are orders of the court to allocate or distribute payments in a manner different from the normal requirements. MCR 3.208(C) requires the order to direct the payer to designate the following with each payment:

- The name of the payer;
- The name of the payee;
- The case number;
- The amount; and,
- The date of the order creating the special instruction.

Payments accompanied by the required designation are accepted as special instruction receipts.

Special instruction receipts are placed on hold and the appropriate worker is notified to manually allocate and distribute the collection in accordance with the court's instructions.

These receipts will be released for normal distribution after one week.

Designated Payment

A payer may designate that a specific payment be applied to non-IV-D debts such as statutory fees. If such an affirmative designation by the payer accompanies the payment, the payment is accepted as a designated payment.

Designated payment receipts are placed on hold and the appropriate worker is notified to manually allocate and distribute the collection in accordance with the payer's instructions.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."*

These receipts will be released for normal distribution after one week.

Designated Prepayment

A payer may designate a payment as a pre-payment of a specific future obligation. The payer cannot prepay support while any arrearages exist on the case. This may occur when a payer receives most of their annual income at one time or over a short period of time. The designation of a prepayment must contain the elements required by MCR 3.208(C).

The properly designated prepayments may be held for a future period up to one year.

Designated prepayment holds are recorded separately from periodic collections deemed by the IV-D agency to be payments on future obligations.

Designated prepayments will not require periodic reviews of income withholding or other periodic collection methods.

The appropriate worker will be notified each time a payment is designated as a prepayment.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."*

Case Under Review**Contested Arrearage**

If the payer alleges to the FOC that they believe all past due support has been paid and periodic arrearage collections are being made, the appropriate worker may place collections distributed to arrearages on hold for up to 120 days.

The appropriate worker is notified when the collection is placed into suspense, and after it has been held for 60 and 90 days. Notifications after 60 and 90 days will also be sent to the appropriate supervisor.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."*

When the matter has been resolved the worker will make any appropriate adjustments, release the hold, and refund or release the money for normal distribution. The collection will be released for normal distribution after 120 days if no other action is taken.

Disputed Levy

If a collection is received as a result of lien or levy action and an appropriate notice of contest is recorded before the collection is disbursed, the collection is held in suspense for up to 120 days.

The appropriate worker is notified when the collection is placed into suspense, and after it has been held for 60 and 90 days. Notifications after 60 and 90 days will also be sent to the appropriate supervisor.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the "Suspense Management Detail Report."*

When the contest has been resolved the worker will release the hold and refund the collection or release it for normal distribution. The collection will be released for normal distribution after 120 days if no other action is taken.

Administrative Hold

Upon written notice by the non-custodial parent alleging that the payee no longer has custody of the child(ren) or some other circumstance that would make the continued distribution and disbursement of child support to the payee inappropriate, the Friend of the Court may place an administrative hold on a case for seven business days to obtain an ex-parte order for a judicial hold (see below).

Judicial Hold

Upon order of the court, collections may be placed on hold for up to six (6) months.

The appropriate worker will be notified after 30 days. If it appears the matter will not be resolved in six (6) months, a new judicial hold must be obtained.

Note: *Direct notifications to specific workers will not be available in the first version of MiCSES. Until they are implemented, the notifications will be accomplished by the “Suspense Management Detail Report.”*

The Friend of the Court is responsible for interpreting the order of the court. The appropriate worker may manually refund, or release for distribution collections on judicial hold. If the judicial hold expires and no other action is taken any money on hold will be released for normal distribution.

Research Extension

“Process” and “Manual-Administrative” holds requiring information from external sources to resolve may be extended for up to three months by the appropriate supervisor or manager.

Non-Sufficient Funds Check Hold

Checks written on accounts for which previous checks were rejected for non-sufficient funds will be held until the check clears.

TREATMENT OF HELD MONEY

Determinations of whether a threshold for an enforcement action requiring a minimum specified arrearage (e.g., two months arrearage for consumer reporting, six months arrearage for license suspension) are generally made from reviewing balances owed on each individual court order.

The payer, however, may have made child support payments that were held in suspense before they were applied to court order balances. In those cases, subtract the money on hold from the court order balances when determining whether the statutory threshold required to initiate an action has been reached.

If the resolution of the hold returns the money to the payer or otherwise does not result in distribution to the case, reconsider whether a specific enforcement action will be initiated.

When it has been determined the minimum statutory threshold has been reached, the enforcement action should include the entire amount shown as due and owing at the time.

Suspense may be at the payer, case, or payee level. The following sections provide additional guidance for considering held moneys at each of these levels.

Payer Level Holds	<p>Money held at this level has not yet been applied to any of the payer's court cases.</p> <p>If the payer has only one court case, money on hold should be subtracted from the indicated balances on that case.</p> <p>If the payer has more than one court case, determine whether the held money could be applied to all cases or to only one case. For example, if the payer has two cases and the money is on a tax offset hold but only one of the cases was certified for tax offset, then consider the held money for that case only.</p> <p>If the payer has more than one case, and the held money could be applied to any of the cases, assume the money will be applied proportionally among the cases.</p>
Case Level Holds	<p>These holds have already been applied to a case. If the receipt on hold has already reduced the balances used in calculating the total arrearage threshold for a particular action, no further consideration is required. If the money on hold did not reduce any balances, subtract the amount from the indicated arrearages.</p>
Payee Level Holds	<p>These holds have already reduced all balances on the court order. Do not subtract payee level holds from indicated balances.</p>
LEGAL BASE	<p>6-05 Trial Court Financial Management Guidelines</p>